

**CITY OF HAYWARD**  
**AGENDA REPORT**

AGENDA DATE 10/29/02  
AGENDA ITEM 4  
WORK SESSION ITEM \_\_\_\_\_

**TO:** Mayor and City Council

**FROM:** Director of Public Works

**SUBJECT:** Authorization for the City Manager to Execute a Professional Services Agreement for Value Engineering Services for the Water Pollution Control Facility Improvements Phase I and Appropriation of Funds

**RECOMMENDATION:**

It is recommended that the City Council adopt the attached resolutions which:

1. Authorize the City Manager to execute a Professional Services Agreement with Harris and Associates in an amount not to exceed \$90,000; and
2. Appropriate \$170,000 from the Sewer Capital Improvement Funds.

**BACKGROUND:**

The City has contracted with Brown and Caldwell Environmental Engineering and Consulting to provide plans and specifications to construct the Phase I improvements of the WPCF to overcome the lack of redundancy of critical treatment components and to ensure the quality of effluent will be reliable and consistent.

The State offers low-interest loans for wastewater treatment facilities construction, for both new and retrofit needs when such funds are available. Staff recommends that the City pursue the State loan for the Phase 1 Improvements. The advantage of the State loan is that the total cost of borrowing, including any interest, is less than the open market municipal bond financing. Currently, the State Revolving Fund (SRF) has a cost comparable to a less than 2 percent interest rate, compared with 4 - 5 percent rate for the open market financing. State staff has indicated that value engineering (VE) is required where SRF funding is requested and the estimated construction cost is equal to or greater than \$10 million. The purpose of VE is to have an independent body review the design and construction approach, and make recommendations for changes that would produce the same desired outcome, but in a more

efficient, cost effective manner. The VE services will include reviews of plans and specification for construction of the WPCF Phase I and preparation of reports with suggested cost savings.

Brown and Caldwell currently estimate construction costs at about \$24 million for Phase I. Costs during early stages of design are quite fluid and this is the best opportunity to explore savings from alternative designs. Based upon the track record of like projects in the Bay Area, Staff is optimistic that VE analysis will realize savings well beyond the costs for the VE services.

### **Consultant Selection**

Staff requested ten firms to submit proposals for the project. All ten firms regularly offer or specialize in VE services. Four firms responded with proposals.

Of those responding, staff believes that Harris and Associates' qualifications best meet the City's needs and objectives. This recommendation is based upon relevant experience and the qualifications of the Value Engineer Team Coordinator and team members selected for this project. Team members are licensed professional engineers and have experience in the VE process.

As there will be no subconsultants, due to the nature of the services, utilization of MBE and WBE subconsulting was not a factor in the proposals.

Analysis of submitted proposals shows that three of the four proposed fees, including that proposed by Harris and Associates, are nearly equal, as team size and workshop hours are mandated by regulation. The fourth team is about 50 percent higher in cost, due primarily to hours allotted to preparation of the reports. Staff believes that the VE process can save construction costs that, at a minimum, offset the VE costs. Further, the VE costs can be included into the SRF project loan.

### **PROJECT COST:**

The following represents the best estimate at this time:

Value Engineering Services	\$90,000
Administration	8,000
Brown & Caldwell Participation in the VE Process	<u>72,000</u>
<b>Total:</b>	<b>\$170,000</b>

## FUNDING:

The 2002-03 Capital Improvement Program does not include funding for this work. An additional appropriation of \$170,000 to a new Value Engineering Project for this purpose is necessary. Sufficient monies are available in the Sewer Capital Improvement Fund balance.

## SCHEDULE:

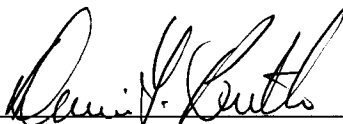
The following schedule has been developed for this project:

Contract with VE Consultant	November 4, 2002
Complete Workshop No. 1	November 8, 2002
Complete Workshop No. 2	March 2003
Final VE Report	April 2003

Prepared by:

  
\_\_\_\_\_  
Alex Ameri, Deputy Director of Public Works

Recommended by:

  
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Dennis L. Butler, Director of Public Works

Approved by:

  
\_\_\_\_\_  
Jesús Armas, City Manager

**DRAFT**

HAYWARD CITY COUNCIL

RESOLUTION NO. \_\_\_\_\_

Introduced by Council Member \_\_\_\_\_

RESOLUTION AUTHORIZING THE CITY MANAGER  
TO EXECUTE AN AGREEMENT BETWEEN THE CITY  
OF HAYWARD AND HARRIS & ASSOCIATES FOR  
VALUE ENGINEERING SERVICES FOR WATER  
POLLUTION CONTROL FACILITY IMPROVEMENTS  
PHASE I PROJECT, PROJECT NO. 7546

BE IT RESOLVED by the City Council of the City of Hayward that the  
City Manager is hereby authorized and directed to execute on behalf of the City of  
Hayward an agreement with Harris & Associates, for Value Engineering Services for the  
Water Pollution Control Facility Phase I Improvements Project, Project No. 7546, in an  
amount not to exceed \$90,000, in a form to be approved by the City Attorney.

IN COUNCIL, HAYWARD, CALIFORNIA \_\_\_\_\_, 2002

ADOPTED BY THE FOLLOWING VOTE:

AYES: COUNCIL MEMBERS:

MAYOR:

NOES: COUNCIL MEMBERS:

ABSTAIN: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

ATTEST: \_\_\_\_\_  
City Clerk of the City of Hayward

APPROVED AS TO FORM:

\_\_\_\_\_  
City Attorney of the City of Hayward

**DRAFT**

HAYWARD CITY COUNCIL

RESOLUTION NO. \_\_\_\_\_

Introduced by Council Member \_\_\_\_\_

RESOLUTION AMENDING RESOLUTION 02-087, AS  
AMENDED, THE BUDGET RESOLUTION FOR  
CAPITAL IMPROVEMENT PROJECTS FOR FISCAL  
YEAR 2002-03, RELATING TO AN APPROPRIATION  
OF FUNDS FOR VALUE ENGINEERING SERVICES TO  
THE WATER POLLUTION CONTROL FACILITY  
PHASE I IMPROVEMENTS PROJECT, PROJECT  
NO.7546

BE IT RESOLVED by the City Council of the City of Hayward that  
Resolution No. 02-087, as amended, the Budget Resolution for Capital Projects for fiscal  
year 2002-03, is hereby amended by approving an appropriation of \$170,000 for Value  
Engineering Services from the Sewer Capital Improvement Fund (Fund 613) to the Water  
Pollution Control Facility Phase I Improvements Project, Project No.7546,.

IN COUNCIL, HAYWARD, CALIFORNIA \_\_\_\_\_, 2002

ADOPTED BY THE FOLLOWING VOTE:

AYES: COUNCIL MEMBERS:

MAYOR:

NOES: COUNCIL MEMBERS: None

ABSTAIN: COUNCIL MEMBERS: None

ABSENT: COUNCIL MEMBERS: None

ATTEST: \_\_\_\_\_  
City Clerk of the City of Hayward

APPROVED AS TO FORM:

\_\_\_\_\_  
City Attorney of the City of Hayward